

# Manufacturing PMI hits 18-month low in Dec on low output

Sector continued to expand, albeit at a softer pace: Survey

SHREYA NANDI

New Delhi, 3 January

The HSBC India Manufacturing Purchasing Managers' Index, compiled by S&P Global, fell to an 18-month low in December at 54.9 from 56 in November, tamped down by a weaker rise in new orders and output.

Despite the decline, the December figure marked 30 months of the index remaining above 50.

A survey print above 50 indicates manufacturing expansion and below that marks contraction.

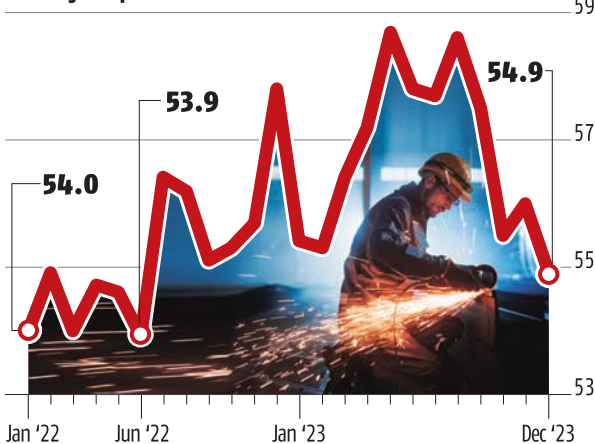
According to the private survey, the sector was still expanding strongly in December despite a "loss of growth momentum". There were softer, albeit sharp, increases in factory orders and output, while business confidence towards the year-ahead outlook strengthened.

"India's manufacturing sector continued to expand in December, although at a softer pace, following an uptick in the previous month. The growth of both output and new orders softened, but on the other hand, the future output index rose since November. Rates of increase in input and output prices were broadly unchanged," said Pranjul Bhandari, chief India economist, HSBC.

The private survey noted new business gains,

## GROWTH TRAJECTORY

Factory output in Dec was the lowest since June 2022



Note: A survey print above 50 indicates manufacturing expansion and below that marks contraction

Source: S&P global

favourable market conditions, fairs, and expositions collectively induced another sharp increase in manufacturing in December.

However, the rate of expansion softened to the weakest since October 2022 even as it remained above its long-run average. Growth was curbed by fading demand for certain types of products.

"In a similar vein to the trend for output, new orders placed with Indian manufacturers rose sharply but to a lesser extent in December. The pace of expansion was the slowest seen in a year-and-a-half," it said, adding that the December data showed a 21st consecutive increase in inter-

national order receipts at goods producers in India.

There were gains from clients in Asia, including West Asia; Europe; and North America, and new export sales expanded at a moderate pace — one of the two slowest rates in eight months.

Goods producers signalled a further uptick in purchasing costs at the end of the 2023 calendar year. Among the items reported to have been up in price were chemicals, paper and textiles. Little changed from November, however. The rate of inflation was negligible by historical standards and was the second-weakest in just under three and a half years.